



african monitor

African voices for Africa's development

Terms of Reference

on

Tracking resource flows dollar for dollar

AFRICAN MONITOR

SEPTEMBER 2008

TERMS OF REFERENCE

1. Organizational Background

a) African Monitor

African Monitor (AM) is an independent continental body set up to act as an independent catalyst to monitor development funding commitments, delivery and impact on grassroots and to bring strong additional African voices to the development agenda.

The main objectives of African Monitor are;

- To monitor the implementation of funding commitments (donor and African governments) to development in Africa in order to enable evidence based advocacy.
- To monitor the effectiveness of development funding on the lives of the poor in order to advocate for improved programme delivery.
- To further engage donor and African governments as well as a wide cross-section of stakeholder groups in order to bring about change, promote expedient implementation of the MDG's, generate public discourse and create awareness among local communities thus enhancing their participation in the development agenda.
- To enhance grassroots participation in monitoring development programmes and processes.
- To leverage networks of organizations, institutions and individuals working to reduce poverty in Africa in order to harness the collective knowledge and skills.

Thus the core function of AM is to monitor, advocate, promote grassroots participation and build networks. As such, its programs are organized around the following four focus areas;

- Monitoring of development aid, development deliveries and debt;
- Monitoring and assessing development effectiveness and impact on the grassroots, through drawing lessons from local communities in terms of what works and what doesn't (experiential learning)
- MDG monitoring covering progress tracking, assisting in integrated policy making and facilitating increased stakeholder participation
- Trade Monitoring, covering leveraging existing data and experiences to analyze how these hinder or enhance grassroots capacity to trade out of poverty.

b) Study background

The nexus between aid commitments and government commitments on one hand and impact at the grassroots level still remains as mind boggling as development itself. The puzzle of seemingly so much aid committed and at times disbursed at the country level, yet there is very little to show at the grassroots level continue unabated. This has seen several efforts being undertaken with the aim of understanding and ultimately lobbying donors to honor their commitments and more importantly make aid count for the grassroots communities.

As a way of understanding the impact of donor contributions at grassroots levels through understanding commitments at the national level, African Monitor commissioned the 4 country Pilot survey. The pilot survey covered Chad, Mozambique, Ghana and Rwanda. The purpose of the initial country surveys was to comprehensively track donor commitments (Aid and Debt Relief) and flow in the above countries as well as measure their benefit on the ground. The outcome of the survey indicated lack of grassroots prioritization in the budgeting and aid delivery process. However this was at a much broader country level. Such an insight as well as several other identified gaps necessitated a follow-up pilot study to fully explore and track resource flows through the sectoral administrative layers until it reaches grassroots communities. Key issues in the initial studies for follow-up include the following;

Firstly it was realized that assessing the impact of donor aid at the grassroots level was not enough as it had to be complimented by an assessment of what national governments are committing to the development process themselves as well as how the committed resources move or flow through the system. Having an in-depth understanding into the systems and incentives of resource allocation at the various strata of government is helpful in not only ensuring efficient use and allocation of donor resources but of national governments as well.

The second gap was that there emerged a need to understand which resources are being committed at what levels. This is because in some instances, while so much resources are committed to grassroots causes at national, provincial or district levels, very little reach the intended beneficiaries. This therefore meant that there is a gap in terms of understanding how the resources pass through the system until they reach the grassroots communities, as well as analyzing grassroots prioritization at each strata or level of implementation. Other communities went to the extent of even suggesting that development resources should go directly to them and bypass the government channels. This just illustrates the extent and level of frustration with the systems.

Another important gap raised during the pilot survey is the determination of the extent to which budgets and plans are informed by the magnitude of identified need as opposed to capacity to spend at the local levels? This calls for an extensive analysis of incentive alignment at the various levels of administration; that is national, provincial as well as district level.

An additional gap, identified is inadequate targeting of resources to the grassroots. This means that at the national level, there is need to make a careful assessment of

which sectors are most productive in terms of poverty reduction and hence targeting those. Targeting resources to sectors such as health, while very important, does not adequately deal with the root causes of poverty. Such a realization has shaped the focus of the extended pilot study towards agriculture sector as it is the key sector mothering and nurturing almost all grassroots communities. In addition, tracking resource and incentive alignment towards grassroots within this sector will identify key livelihood issues (with a direct impact on the grassroots communities) for the policy makers to address.

To add to that, much need to be known on the nature of accountability systems at the various administration strata viz-a-viz grassroots communities. An exploration of these accountability systems through tracking surveys is important and essential in ensuring sustainable grassroots prioritization..

These and other factors from the initial pilot surveys prompted the commissioning of this extended survey whose main objective is to trace the flow of resources from donors and national governments through the bureaucratic strata of provincial and district levels until they reach the communities. Adopting this tracking approach is important in understanding how the national government disbursement systems as well as administrative levels impact on the ultimate beneficiaries (who are the grassroots communities).

This discussion note highlights the key issues to be considered and undertaken in extending the Pilot survey.

2. Objectives of study

a) Overall Objective

The main objective of this extended pilot survey is to track resource flows (cash, loans, inputs, etc) within the agriculture sector. This should contribute towards strengthening and enhancing of a pro-grassroots monitoring system within the sector.

b) Specific Objectives

The current survey will be limited to the agriculture sector and the specific objectives include;

- To comprehensively analyze resource flows (quantities and quality of commitments and delivery) in the agriculture sector through the various levels of bureaucratic strata, from the national level up to the community level.
- Assess prioritization of grassroots communities needs throughout the strata (cross-cutting)
- Assess commitments vs. delivery at the various levels namely; national, provincial, district and local levels.
- Comprehensive analysis of resource allocation decisions at the various levels
- Comprehensively analyze of accountability arrangements as well as compliance with administrative procedures at the various strata of government;
- Identify and analyze the various disbursement vehicles at the various levels. This implies the analysis of the systems that exist for disbursing money through the various strata.
- Understanding the levels and extent to which donor money substitute's government expenditure in service delivery.
- Identify opportunities for increasing pro-grassroots independent monitoring at various tiers within the agriculture sector
- Comprehensively analyze incentive structures and alignment to grassroots priorities at the various levels.
- Assess the flexibility of the system at the various strata to respond to crises such as food shortages, high food and input prices, droughts, etc
- Baseline data (in Ms Excel or CD form) for future evaluation of resource tracking reforms in the sector. This can be provided as an annex

3. Beneficiary

The primary repository of the study is African Monitor. However the ultimate beneficiary is the government and the grassroots communities of the country under study as advocacy work will be done to mainly benefit these groups.

4. Contracting Authority

African Monitor is the sole contracting authority or contractor

5. Results to be achieved by the study

The main output of the study is a final report with the following result areas/components;

- a) **Result area 1:** contribute towards developing a pro-grassroots comprehensive systems of channelling government and donor resources through the various strata of provincial, district and local levels until it reaches the the grassroots.
- b) **Result area 2:** Assessment of incentive structure and alignments to grassroots priorities as well as mechanisms and flexibilities within the system of dealing with food crises at the global and community levels
- c) **Result area 3:** Baseline data on resource flows at the various strata of government (namely provincial, district and community levels) for resource flow monitoring.
- d) **Result area 4:** Fully developed communication and advocacy strategy for disseminating results in a way that benefits grassroots communities I the agriculture sector.

6. Scope of Works

6.1 Scope of coverage of study.

The study will focus tracking efforts on financial resources (cash, loans, etc). Where possible in-kind resources such as inputs delivery to grassroots communities will be tracked. The main sector of interest in this tracking initiative is agriculture. In addition tracking is to be done at national (budget level), provincial as well as district (local levels) as well as grassroots community level.

6.1 General Research framework

The study task can be broken down into 4 focus areas as below; Furthermore, broad and preliminary research questions have been formulated in line with the 4 categories, with the understanding that the commissioned country teams will further expand on the research questions. The consultants are expected to develop a full methodology (taking into account country context and language limitation), budget as well as implementation plan bearing in mind that the study lasts for 3 months from commencement date.

6.1.1. At the level of African Governments:

The aim of focusing on this area is to understand the available system for allocating donor and government expenditure to the lower tiers (local government as well as grassroots communities) as well as nature of monitoring and other systems to ensure efficient resource flows to lower levels within the agriculture sector. It is also important to analyze extent to which priorities for lower tiers (local government and grassroots communities level) inform resource allocation at the national and donor levels. The below analysis pertain to the agriculture sector. Some of the issues for consideration in aiding our understanding are;

- Understanding the in-country resource flow structure and public allocation system
 - Identify and analyze the resource flow structure—indicating how resources move from one administrative tier (e.g national to provincial and then district) of government to another
 - What in-country mechanisms are in place to ensure government deliver on its commitment at the various tiers of government within the agriculture sector
 - Assess the various allocation rules, administrative processes, recording and accounting procedures for the resource flows from donors and governments
 - Assess involvement of grassroots communities in budget formulation, execution, and reporting.
 - Identify and assessing existing systems of expenditure and budget tracking in the agriculture sector (internal as well as independent systems)
 - Assess how the public expenditure management (PEM) system promotes accountability as well as prioritization of grassroots priorities in the agriculture sector.
 - What in-country mechanisms are in place to ensure government deliver on its commitment at the various tiers of government within the agriculture sector.
 - Identify and assess the systems in place to transfer information from lower tiers to upper tiers of government
 - Assess the incentive structure vis-à-vis grassroots communities in the sector, from national government to district levels
 - identify and analyze the nature and characteristics of various administrative structures and flows

- How many tiers of government are important to determine and track resource flows to grassroots communities
 - To what extent do inputs and priorities from lower tiers inform resource allocation at the various levels
 - To what extent do inputs from and priorities from grassroots communities inform resource allocation at the various levels.
 - Assess capacity of Ministry of Agriculture to monitor budget implementation in light of other pressing responsibilities such as donor reporting, as well as implementing reforms
 - Explore and analyze the link between policy prioritization and resource prioritization at the national level
- How much of national government's commitments in the agriculture sector is internal revenue vs. external revenue in the overall budget?
- How much is the government receiving from donors for this sector and for what purpose?
 - Which donor is contributing which portion to which particular issue within the agriculture sector?
 - Assess and compare commitment vs. disbursement
 - Trend analysis of how much government are receiving from donors overall and compare that with their internal revenue for the last 10 years
 - Has sources of external vs. internal revenue been increasing or decreasing in this sector over the last 10 years
 - Assess alignment of donor contributions to national policy. What measures are in place to reduce the transaction costs of aid and development delivery?
 - What percentage of government funding in a particular year is from donors and find reasons for the obtaining situation.
 - Which donors have contributed which portion at the national level, provincial as well as district levels?
 - Is there specific preference by donors to contribute at a particular level?
 - Which factors determine which donors contribute at what level?
- Understanding the levels and extent to which donor money substitutes government expenditure in service delivery as it pertains to the agriculture sector
- To what extent is there crowding out effect, where donor funds substitute government funds or vice versa throughout the various tiers of implementation.
 - Identify and assess forms and modes of donor contributions to the sector at various tiers.
 - How does donor expenditure compliment or substitute government expenditure
 - At the various level which mode of disbursement (DBS, projects, NGOs, local country office) achieves better results in more funding getting to the grassroots communities.

- What factors influence this pattern?
- What mechanisms are used when pooling resources for use in a particular sector
- How effective are these mechanisms in; creating impact in the particular sector, enhancing accountability and enhancing local ownership by the grassroots communities?
- Assess alignment of donor contributions to national policy
 - what determines donor funding at the various levels
 - assess extent of donor influence on expenditures at the various levels
 - How do debt relief resources get channeled through the various tiers of government such as province, district and community?
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6.1.2 At the level of provincial, local government, NGO's, special projects:

The aim of focusing on this area is to understand the systems in operation at this level, how efficiently resources flow to and from these levels and what informs these flows; Analysis will be focused on the agriculture sector. Some of the issues for consideration in aiding our understanding are;

- How much is allocated to each of the tiers within the agriculture sector
 - How much is allocated to each of the four vehicles that is; provincial, local government, NGOs and Special Projects
 - What portion of allocation is from donors, national government or own resources at that level
 - For what purposes are these allocations made?
 - Are sectoral priorities at the national level reflected down the chain as we go from province to district as well as community
 - Are grassroots priorities reflected throughout the chain
 - Explain reasons for any disparity in prioritization within the system
 - In what form do these resources pass through the various tiers (cash, in-kind, loans, inputs, etc)
 - Who determines what to allocate at that level—compare priorities at this level to allocation decisions at national level
 - Level and extend of stakeholder, including grassroots participation at that level
 - How are resources distributed to the provinces, district and communities—what criteria is used for determining who gets what at what level.—are local government units treated the same as national government units in the budget allocations
 - Assess level of commitments to disbursement of resources at the various levels—including an identification and analysis of time lags at these levels.
- Decision making

- Who is involved in making decisions
 - To what extent are the beneficiaries (grassroots communities) involved at this level?
 - What is the level of involvement of private sector in social sectors at provincial, national and district levels?
 - How are donors involved at this level? Do they provide in-kind support to provincial and district administrations, or provide support to service providers such as school textbooks, drugs, building schools, etc
 - What informs their involvement at this level?
 - Who is responsible for Monitoring resource flows at the various levels? Is it the Ministry of Agriculture or the local authorities have discretion.
 - Explore and analyze the link between policy prioritization and resource prioritization at each level
 - What is percentage of own revenue to revenue received from national government as well as donors
 - What are the sources of own revenue
 - Assess the extent/level of discretion provincial, district and local authorities have in exercising their responsibility. Need to analyze and assess state of power and powerlessness at the various levels.
 - Explore and analyze key challenges, gaps at the various strata.
 - What are the key grassroots issues of concern at this level
 - How are incentives structured and aligned to meet these concerns at this level.
 - To what extent are communities and their representatives involved in decision making at that level?
- Monitoring and tracking of resource flow and usage in the agriculture sector
 - Assess and analyze the reporting mechanisms at each level and who is accountable to who?
 - Which systems are in place for monitoring resource usage and in what form is oversight exercised at this level
 - How responsive are the systems to grassroots priorities and concerns
 - What kind of monitoring benchmarks can be agreed on by stakeholders to ensure adequate tracking of resource flows for grassroots prioritization?
 - To what extent is government integrating monitoring mechanisms into their planning and implementation activities (within the agriculture sector) to ensure effective grassroots engagement
 - What accountability relationships exist between budget allocation authorities and provincial, district and local authorities who are tasked with using the disbursed resources
 - What accountability mechanisms are available between provincial, district, local and national government as well as between each tier with communities
 - Explore the extent to which bureaucratic structures of these tiers might affect efficient service delivery.
 - Explore the nature of public resource distribution to grassroots communities from provinces, local government, etc.

- Does this system facilitate/promote efficient resource flow to grassroots communities
- Assess easiness/availability of data for tracking expenditures at the various levels; provincial, national and local?
- Does an increase in budget allocations at the national level result in an increase (of similar, less or more) proportion at the local level.
- Are the funds intended for the lower tiers of government being used for the intended purpose?—for example contrast expenditure on capital, fuel and other items with actual expenditure on services of priority to grassroots communities.
- Explore the nature of challenges and bottlenecks in resource flows at this level.
- How regular are disbursements from the national authorities?
- What commitments are made at this level and how do they compare to deliverables?
- What are the bottlenecks and challenges that exist at these levels?
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6.1.3 At the level of communities:

The aim of focusing on this area is to understand how agriculture resources eventually reach and benefit the communities. In addition, focus at this level is also important in that it shows the extent to which the grassroots communities are prioritized and also the extent to which their priorities inform decisions up the chain. In addition, this also focuses on the extent of involvement or participation of grassroots communities. Some of the issues relevant for understanding this are;

- How much eventually goes to communities
 - In what form do resources reach the communities (as finance or inputs, credits, goods/services)
 - What informs that allocation
 - What is the extend of donor involvement at this level
 - What monitoring processes are involved at that level

- Which communities benefit and how are decisions made?
 - Who is involved in decision making?
 - To what extent are communities and their representatives involved in decision making at that level?
 - What method, formula is used to allocating resources to communities—population, level of development, proximity to councilor, more vocal, etc
 - What implications do these allocation criteria have on equity in distribution?.
 - What is role of councilors and community leaders in influencing who benefits from what
 - How are decisions affecting community made—consultative, imposed, etc

6.2 Methodology

The consultants to develop methodology as well as expand on the research questions.

The project should cover the whole country and the agriculture sector in terms of secondary data collection. Various provinces, districts and local authorities will be chosen for primary data collection. However the organization/consultants should provide justification for choice of provinces, districts as well as local authorities to survey. In addition justification should also be provided for choice of 6 grassroot communities in 3 different parts of the country. There should be a healthy mix of rural and urban slums where possible.

7. Study Phases

Phase 1: This phase will involve desk research, inception report preparation and finalization of methodology

Phase 2: This phase involves fieldwork covering; interviews with officials at ministry of agriculture, provinces, districts, aid agencies as well as grassroots communities, among others. This phase will also involve report writing

Phase 3: This phase covers report finalization and carrying out stakeholder validation workshop as well as initiating the dissemination plan

8. Deliverables

8.1 Inception Report

An inception report at the end of week 2 containing the following;

- Indication of how the organization/individual intend to carry out the requirements of the terms of reference,
- Rapid data assessment in terms of key sources of data.
- Mapping of resource flows at the various levels in the agriculture sector
- Understanding of the national, provincial, district and local systems of budgeting and expenditure allocation within the agriculture sector
- An understanding of the systems of public resource distribution through the various bureaucratic strata within the agriculture sector

8.2 Mid-term review report

A mid-term review report of the project, within one and half months of commencing the project containing the following;

- A mapping/scan of the nature of support of agriculture sector relative to other sectors in terms of donor revenue vs. government national resources.
- Initial analysis of the monitoring mechanisms and accountability mechanisms at the various bureaucratic strata (from national, provincial, district and local level) at end of week 3.
- Analysis of the incentive structure and alignment for the grassroots communities at the various strata—national, provincial as well as local levels
- Analysis of flexibility of the system at the various strata to respond to crises such as food shortages, high food and input prices, droughts, etc
- An analysis of inter-play between commitments and delivery mechanisms at national, provincial, district and national government levels.

The final version of this review will be modified by information received during the field work phase;

8.3 Draft Report

In addition to providing a detailed analysis of the issues raised in the interim report, the Draft Final Report will also provide:

- a system of tracking government and donor expenditures dollar for dollar from the giver (donors and government) to the beneficiaries (grassroots communities);
 - comprehensive analysis of resource flows through the various government strata within the agriculture sector;
 - Comprehensive analysis of commitments vs. disbursement at each bureaucratic strata.
 - Comprehensive analysis of resource allocation decisions at the various levels;
 - Comprehensive analysis of accountability arrangements as well as compliance with administrative procedures at the various strata of government;
 - comprehensive analysis of commitments vs. delivery at each bureaucratic strata for benefit of grassroots communities;
 - analysis of the levels and extent to which donor money substitutes government expenditure in the agriculture sector at national level and service delivery levels;
 - comprehensive understanding of systems that exist for resource disbursement to the various strata.
 - Detailed analysis of the incentive structures for the grassroots communities at the various strata—national, provincial as well as local levels
 - Analysis of opportunities of engagement between grassroots communities and policy makers (in a way that enhances prioritization towards their livelihoods) at the various levels.
 - **Identification and comprehensive analysis of monitoring opportunities (independent and otherwise) to increase pro-grassroots monitoring at the various tiers (bureaucratic strata);**
 - Summary of core advocacy issues arising and initial proposals.
 - Detailed analysis of flexibility of the system at the various strata to respond to crises such as food shortages, high food and input prices, droughts, etc
 - **Baseline data (in Ms Excel or CD form) for future evaluation of resource tracking reforms in the sector. This can be provided as an annex**
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- A Final Report within 2 weeks of the submission of the Draft Report and receipt of comments.

9. Commencement date and period of execution

The study should commence on the **1st October 2008** or upon signing of contract (whichever is first) and end on **31st December 2008**. No extension is foreseen.

10. Personnel Requirements

The profile of the key expert required is as follows:

Qualifications and skills:

At least a Masters degree in economics, agriculture, international development studies, international law, social sciences or a related area. A PhD degree in the above mentioned fields will be an added advantage. In addition written and oral fluency in English and one local language is essential.

Specific professional experience:

At least 10 years of proven relevant professional experience of which at least 6 years should be in international development or on debt and aid issues.

Solid knowledge of development issues, aid and debt issues, international and regional trade policy is strongly recommended. The consultant should also have excellent drafting and report writing skills, as well as be able to work under pressure and with minimum supervision.

Support staff & backstopping

Costs related to support staff including field workers, telephone, stationary, travel and any other backstopping costs are included in the consultancy fees and will be borne by the consultant

11. Budget

Consultants to develop a full itemized budget not exceeding US\$10000. Including a detailed breakdown and costing of activities, as well as travel plan. This represent the maximum available budget for the study.